



By e-mail

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International Public Sector Accounting Standards Board (IPSASB)

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**IPSASB Exposure Draft CF-ED1  
Conceptual Framework for General Purpose Financial Reporting by  
Public Entities: Role, authority and scope; objectives and users,  
qualitative characteristics; and reporting entity**

ACCA (the Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above Exposure Draft. ACCA is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. We support our 147,000 members and 424,000 students throughout their careers, providing services through a network of 83 offices and centres.

**GENERAL COMMENTS**

ACCA provided supportive comments on IPSASB's previous consultation paper in 2008, which formed the draft of this Exposure Draft. We welcome the work that IPSASB is undertaking to establish a conceptual framework which will make explicit the concepts, definitions and principles that will be applied in developing public sector accounting standards (IPSASs). We are also pleased to note that the IPSASB is closely monitoring the development of IASB's conceptual framework and any potential implications it may have for public sector reporting.

## **SPECIFIC MATTERS FOR COMMENT**

### **1. Role, authority and scope of the conceptual framework**

We agree that a more comprehensive scope for financial reporting is necessary to ensure that financial information responds to users needs and will allow financial reporting to evolve and develop in the future. We also agree that this should be addressed through non-authoritative guidance.

### **2. Objectives of financial reporting by public sector entities and the primary users of GPFRs of public reporting entities**

In our view this section goes on at great length to arrive at a conclusion on who are the primary users of financial statements. Although citizens (quite rightly so) have been identified as the primary users of financial statements, we are concerned that the Exposure Draft is only reflecting on them as service users. As a result the Exposure Draft fails to capture wider accountability to the public/citizens as a whole for ensuring that their taxes are spent wisely and represent value for money. In our view this section is confusing and would benefit from some clarification.

Also, we have concerns that the Exposure Draft underplays the importance of the role of the Legislature as a primary user of financial statements. In our experience Parliament is the most engaged user of financial statements and its engagement is critical for accountability of the stewardship of public funds. The Exposure Draft gives inadequate recognition to the institutional context in which governments operate and the role of Parliament in ensuring accountability. In our view this needs to be addressed in the conceptual framework.

- 3. Qualitative characteristics of, and constraints on, information included in GPFRs of public sector entities. In particular, whether:**
- (a) 'Faithful representation' rather than 'reliability' should be used in the Conceptual Framework to describe the qualitative characteristic that is satisfied when the depiction of an economic or other phenomenon is complete, neutral, and free for material error; and**
  - (b) Materiality should be classified as a constraint on information included in GPFRs or as an entity specific component of relevance**

We agree with the proposed qualitative characteristics and constraints on financial reporting. Therefore, we agree with 'faithful representation' rather than 'reliability' and the classification of materiality as a constraint.

**4. The basis on which public sector reporting entity is identified and the circumstances in which the entity should be included in the group reporting entity**

We agree with how the conceptual framework addresses the above.

If you would like to discuss any of the above further please contact Gillian Fawcett, head of public sector, on tel: 020 7059 5674 or e-mail: [gillian.fawcett@accaglobal.com](mailto:gillian.fawcett@accaglobal.com)



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